Insure Montana Board of Directors Meeting March 9, 2010

Voting Board present: Erin McGowan-Fincham, Betty Beverly, David Kendall (by phone)

Non-voting members and staff: Eve Franklin, Carol Roy,

CSI staff: David Dachs, Renee Little, Patcharin Williams, Helen Taffs, Jill Sark

Interested parties: Ginger Lindsey, Malinda Shafman (by phone), Chelsea Culpon, Daren Engellant, Deidra Murray, Christine Hultin-Brus

Call to Order: The meeting was called to order at 1:10 pm. As there was not a quorum present, voting on prior minutes and other issues was not possible.

Advisory Council Report: The Insure Montana Advisory Council met the morning of March 9. Jill's notes will be made available to the Board and interested parties. SB 135 made transfers of funds from the Tax Credit program to the Purchasing Pool possible. Previously funds could only move from the Pool to the Tax Credit program. Erin asked if the Advisory Council was interested in increasing subsidy levels. The Council did not discuss subsidy amounts; the discussion focused on self-funded and exchange concepts. Darin stated the Council was primarily focused on how to insure more people, either through the pool or through some other structure.

SB 135 Update: Business owners earning over \$75,000 per year are no longer eligible for assistance payments. 41 owners and/or spouses were removed from the subsidies, with a cost savings of \$3,337.00 per month, or approximately \$40,000.00 per year. This could allow another 6 or 7 businesses to join the program. The Healthy Montana Kids (formerly CHIP) and Healthy Montana Kids Plus (formerly Medicaid) project is under way but it is too early to determine potential savings yet; enrollment takes some time. So far two children have moved to HMK. This is not a required change, as there are differences in coverage; HMK does not provide ambulance or transplant services and Insure Montana does. Eve asked how the members were being notified and what was being done to enforce it. Members receive quarterly notices. The Insure Montana Database has statuses which will track enrollments and savings. As members are not required to enroll eligible children, there is no enforcement. Insure Montana and BCBS are also comparing records to determine if dependents are covered under the other programs. Dave K inquired if Insure Montana could provide supplemental coverage to HMK, but HMK rules prohibit dual coverage. Jill advised there will be a meeting the week of March 15 with the Quality Assurance Division regarding cost effectiveness and HMK Plus.

Purchasing Pool Enrollment Report: On May 8, 2009, Insure Montana staff mailed 472 enrollment applications. A total of 613 new applications have been mailed since the funding increase. 214 new businesses have enrolled in the pool, which is a take-up of 34%. There is room for an additional 41 businesses and there are 120 on the waiting list, all of which applied subsequent to November 2009. Of the newly enrolled groups, 51% took Qualified Association Plans. Erin inquired if the subsidy caps were making the insurance unaffordable. Jill advised a board subcommittee is addressing the issue and will make recommendations. The cost to remove the 2007, age 54, and rate tier 6 caps for all participating

businesses is \$1.8 million. Eve asked if the cap removal was sustainable. The \$6 million increase over the biennium is one time only funds. Senator Zinke has advised it is problematic to ask for additional funding. The program is funded through 2011. CDC studies indicate smoking rates are not declining. Tobacco tax revenues are not declining as anticipated. The subcommittee for premium assistance schedules will consist of Betty, Erin, and Dave. Jill will ask Jim and Bob if they will participate.

Businesses failing to complete the renewal process last October were offered a second chance to remain in the program. Of those businesses, 12 renewed, 4 cancelled coverage, 4 went out of business, 7 failed to meet minimum enrollment of two employees, 3 switched to individual plans, 2 were cancelled for nonpayment, and 2 were non-responsive (did not give a reason). Chelsea and Daren advised that employers are having fewer employees and dropping dependents from coverage.

Financial Report: Benefits will be coming in under budget for FY10. The \$3 million per year wasn't immediately committed. Businesses enrolled after July 1, 2009, so did not receive full years' benefits. The tax filing deadline is not until April 15, so many of the tax credits have not yet been claimed. Dave asked if the program would meet the 90% expenditure minimum by year end. Jill said it was very likely, and if not, it would be very close.

2009 Experience Report: Loss Ratio for 2009 came to 72.67% and for 2008 it was 68.26%. The January 2010 figures show an 89% loss ratio which is typical for January and is not a cause for alarm.

Audits and Collections: David Dachs has completed 20 case file audits so far. Businesses are very responsive. Audits are demonstrating that the information submitted to Insure Montana is largely accurate. Few discrepancies are being discovered. Contribution amounts are an area of concern as businesses aren't always clear regarding this issue.

Insure Montana is working with the Montana Department of Revenue regarding delinquent tax liabilities, which would disqualify businesses from the program.

The portion of benefits which are overpayments are only .6% (6/10 of 1%) of total benefits paid.

Qualified Association Plans: Renee Little reports there are currently nine Qualified Associations offering eligible plans to Insure Montana groups. Of 809 groups participating in the program, 116 are in QAPs. This represents 1920 lives. The most popular plan is Montana Chamber Choices. Of groups enrolled in QAPs, 38% have selected high deductible/HSA options. The Insure Montana database is being updated to automate the administration of QAPs. System testing is currently planned for April with the goal of implementing the updates May 1.

RFP: Due to the lack of a quorum, the Board is currently unable to vote on whether to put the program out for RFP this year. The BCBS contract ends December 31, 2010, and the Board has the option to extend the contract one year at a time for up to seven years. The Board must decide whether or not to put the program up for RFP soon, as the process is protracted. Arguments in favor of going to RFP include competition. Arguments against going to RFP now include the fact that national health care

reform has just passed and it might make sense to see where that leads this program. Jill will set up a conference call meeting for the Board to vote on this issue.

An additional RFP is needed if the Board wishes to offer to set up Section 125 plans for pool participants. This would allow groups to deduct health care premiums pre-tax. The program contracted once before to do this for member groups, but over 200 new groups have enrolled since then.

If a Board member wishes to vote on either RFP without attending the conference call meeting, he or she should contact Jill and advise her of his/her vote.

Next Board meeting is scheduled for May 11, 2010, time and location TBA.

Meeting adjourned at 2:55 pm.